



The State Bar *of California*

Approval of Admissions Fees & Fee Setting Policy

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Board of Trustees Meeting, September 21–22, 2023



Board Consideration of Admissions Fees

- Need for fee increases to stabilize Admissions Fund and options to do so discussed by Finance Committee and/or Board at least 4 times
 - May 2022, Jan 2023, May 2023, July 2023
- Action requested today: authorize fee increases that in the aggregate are projected to generate an additional \$7.9M
 - Will close most but not all of projected operating deficit



Current 2024 Forecast
& Proposed Fee
Increases

Revenue	\$17.5 million
<u>Expenditures</u>	<u>\$25.9 million*</u>
Difference	\$8.4 million

Projected Reserves 12/31/2023 \$6.2 million

Proposed Fee Increases \$7.9 million

*Prior to Board’s approval of cost reduction measures



Current 2024 Forecast
& Proposed Fee
Increases with February
2024 Cost Reduction
Measures

Deficit	\$8.4 million
Proposed Fee Increases	\$7.9 million
Feb 2024 Bar Exam	
<u>Cost Reduction Measures</u>	<u>\$550,000</u>
	+50,000

+ July 2024 Cost Reduction Measures TBD



Fees for Law Study & Exams



Represents a significant increase for fees – ranging from 9% to 54% (excluding small dollar fees);

Highest % increases generally on attorneys

(See Attachment A)



Law Office Study application and reporting fee increases 400% +

Continues to offer much less costly option than law school



Comparison to other states – increases make CA highest or near highest fees

(See Attachment C)



Fees for Special Admissions



Change in application fee

- 69% (Registered In-House Counsel)
- 170% (Foreign Legal Consultants)
- **-21%** Registered Legal Aid Attorneys (RLAA)/Registered Military Spouse Attorneys (RMSA)



Continuation of assumption attorneys in better position to absorb increases

RLAA and RMSA changes in alignment with Strategic Plan



Comparison to other states – increases make CA, highest or near highest fees

(See Attachment C)



Fees Charged to California-Accredited Law Schools

Category	Current Fee	Last Increase	Proposed Fee	% Increase	Average Per Student Impact of Increase
Annual Report	\$ 2,170	2018	\$ 22,900	955%	\$224
Inspection Report (1/5 of 5 yr. base)	\$ 4,400		\$ 8,000	82%	\$39

See Attachment A for more information, incl proposed increases for unaccredited law schools



Fee Charged to Law Schools – Observations



Schools comment must pass fee increases along to students

Size of school → differences in per student impact



Exceeds annual tuition and fee increases

Fees charged to unaccredited law schools tiered based on size of student body



9-13-23

CSUs announce 6% tuition increase/yr for 5 years over opposition from students to raise \$840 million to address budget shortfall



CALS Annual Reports – Tiered Options

Option	School Enrollment	# of Schools as of July 2023	Proposed Fee	Avg Per Student Impact
1	A: Enrollment 0–99 B: Enrollment 100–299 C: Enrollment 300+	A: 6 B: 6 C: 6	A: \$ 15,250 B: \$ 22,875 C: \$ 30,500	A: \$ 238 B: \$135 C: \$ 70
2	A: Enrollment 0–99 B: Enrollment 100–299 C: Enrollment 300–499 D: Enrollment 500+	A: 6 B: 6 C: 4 D: 2	A: \$ 10,875 B: \$ 21,750 C: \$ 32, 625 D: \$ 43,500	A: \$ 170 B: \$ 128 C: \$ 93 D: \$ 53
3	All schools remit \$90 per student enrolled	18, with 4,590 enrolled as of 2022 annual report		\$ 90

All Options = match projected revenue from flat fee method. Note: Recent and further changes in numbers of accredited schools will impact overall revenue.



Two Public Comment Opportunities: Themes from Public Comment #1

- Financial burden of fee increases on law students, recent graduates, marginalized, and low-income groups and the impact on diversity and inclusion in the profession.
- Calls for alternative measures to generate funds for the State Bar deficit.
- Suggestions for major changes to the design and administration of the bar exam.
- Concerns about lack of reciprocity with other states.
- Calls for more information about the cost.
breakdown of the State Bar admissions services and functions.



Two Public Comment Opportunities: Themes from Public Comment #2

- Existing fees already too high / proposed increases are too substantial.
- The State Bar should find other ways to increase revenue or decrease expenditures.
- Increases have a disproportionate impact on applicants of color and run counter to the State Bar's stated interest in improving diversity of the profession.
- Fees increases should be phased in over time and / or a sliding scale or fee waivers implemented so fees don't serve as a barrier to the profession for those on the lower end of the socioeconomic spectrum.
- Fees charged to California-accredited law schools should be tied to enrollment numbers and not be set as a flat fee.





Future Assessments of Fees

- Review all fees every 3 years
- In intervening years, increase fees by CPI
- Consistent with Finance Committee recommendation for General Fund program fees
- Provide option for staff to recommend against particular annual CPI increases in light of efforts to increase efficiencies & decrease costs



Update on February 2024 Bar Exam



Preliminary Discussion of July 2024 Bar Exam



Questions

